

Message Text

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PAGE 01 STATE 123666
ORIGIN EB-08

INFO OCT-01 AF-10 ISO-00 /019 R

DRAFTED BY EB/OT/STA:W T DIROLL:CMS
APPROVED BY EB/OT/STA:T O'HERRON
AF/C:R KATES
EB/ORF/ISM:W C LENAHAAN

-----108138 160754Z /13

R 152251Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA

UNCLAS STATE 123666

E.O. 11652:N/A

TAGS: ETRD, CG

SUBJECT:GOZ NOTE ON ZINC

REF: KINSHASA 4423

FOLLOWING IS FOR YOUR BACKGROUND AND USE IN REPLYING TO THE
SUBJECT NOTE.

1. AT THE REQUEST OF THE LEAD ZINC PRODUCERS COMMITTEE,
THE UNITED STATES INTERNATIONAL TRADE COMMISSION IS INVESTI-
GATING UNDER SECTION 201 OF THE TRADE ACT OF 1974 TO DETER-
MINE WHETHER UNWROUGHT (SLAB) ZINC, OTHER THAN ALLOYS OF
ZINC, CLASSIFIED FOR CUSTOMS PURPOSES UNDER ITEM 626.02 OF
THE TARIFF SCHEDULES OF THE UNITED STATES IS BEING IMPORTED
INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES AS TO
BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THREAT THEREOF,
TO THE DOMESTIC INDUSTRY PRODUCING AN ARTICLE LIKE OR
DIRECTLY COMPETITIVE WITH THE IMPORTED ARTICLE. THE
DOMESTIC PRODUCERS ARE URGING THE COMMISSION TO RECOMMEND
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TO THE PRESIDENT THAT HE PROVIDE IMPORT RELIEF IN THE FORM
OF A TARIFF RATE QUOTA IMPOSED FOR A PERIOD OF FIVE YEARS.

2. UNITED STATES IMPORTS OF UNWROUGHT ZINC ENTERING FROM
COUNTRIES ACCORDED MOST FAVORED NATION TREATMENT (COLUMN

ONE OF ITEM 626.02) ARE DUTIABLE AT SEVEN-TENTHS CENT PER

POUND; THOSE FROM OTHER COUNTRIES (COLUMN TWO) AT ONE AND SEVENTY-FIVE HUNDRETHS CENTS PER POUND. THE RELIEF PROPOSAL BEING ADVOCATED BY THE DOMESTIC PRODUCERS CALLS FOR A SUPPLEMENTAL DUTY OF SEVEN CENTS PER POUND TO BE IMPOSED ON IMPORTS IN ANY YEAR EXCEEDING A SPECIFIED QUANTITY (350,000 SHORT TONS THE FIRST YEAR INCREASED IN STAGES TO 525,000 TONS THE FIFTH YEAR). IMPORTS WITHIN THE ANNUAL QUOTA WOULD CONTINUE DUTIABLE AT EXISTING RATES AND THOSE IN EXCESS OF THE QUOTA WOULD BE DUTIABLE TO SEVEN AND SEVEN-TENTHS CENTS AND EIGHT AND SEVENTY-FIVE HUNDRETHS CENTS PER POUND WHEN ENTERED FROM COLUMN ONE AND COLUMN TWO COUNTRIES, RESPECTIVELY. WITHIN QUOTA IMPORTS WOULD, AS STATED IN THE NOTE, BE ALLOCATED BY COUNTRY.

3. THE COMMISSION INSTITUTED ITS INVESTIGATION DECEMBER 29, 1977, FOLLOWING THE RECEIPT OF A PETITION FROM THE DOMESTIC PRODUCERS DATED DECEMBER 20, 1977; IT HELD PUBLIC HEARINGS DURING THE WEEK OF MARCH 21, DURING WHICH THE VIEWS OF EXPORTING COUNTRIES, AMONG OTHERS, WERE PRESENTED, AND PURSUANT TO SECTION 201(D)(2) OF THE TRADE ACT, IT MUST SUBMIT A REPORT OF ITS FINDINGS TO THE PRESIDENT BY JUNE 20, I.E., WITHIN SIX MONTHS FOLLOWING THE FILING OF THE PRODUCERS' PETITION.

4. MISSION SHOULD POINT OUT THAT THE INITIATION OF THE ZINC PROCEEDING DOES NOT AUTOMATICALLY IMPLY THAT THE USG UNCLASSIFIED

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IS CONTEMPLATING MEASURES THAT MIGHT ADVERSELY AFFECT IMPORTS FROM ZAIRE OR OTHER SUPPLYING COUNTRIES. A FINDING OF SERIOUS INJURY, OR THREAT THEREOF, MUST BE MADE BY THE COMMISSION BEFORE THE IMPOSITION OF RELIEF MEASURES IS WARRANTED UNDER THE TRADE ACT. THE COMMISSION, AN INDEPENDENT FACT FINDING AGENCY, IS NOT ONLY EXAMINING THE EFFECT OF IMPORTS BUT ALSO OTHER RELEVANT FACTORS AND HAS HELD A PUBLIC HEARING DURING WHICH THE VIEWS OF EXPORTING COUNTRIES AND OTHER INTERESTED PARTIES WERE PRESENTED. THE TARIFF RATE QUOTA SYSTEM IS A PROPOSAL PRESENTED BY THE DOMESTIC ZINC PRODUCERS FOR THE CONSIDERATION OF THE COMMISSION; IT HAS NOT YET MADE ANY DETERMINATION REGARDING THE DISPOSITION OF THE INDUSTRY'S PETITION FOR IMPORT RELIEF.

5. IF THE COMMISSION FINDS THAT INCREASED IMPORTS OF UNWROUGHT ZINC ARE NOT CAUSING OR THREATENING SERIOUS INJURY, THE CONDITIONS IMPOSED BY SECTION 201 FOR PROVIDING IMPORT RELIEF WOULD NOT HAVE BEEN SATISFIED AND THEREFORE THE TRADE AGREEMENT TARIFF CONCESSION RATE APPLYING TO SUCH ZINC WOULD NOT BE MODIFIED. ON THE OTHER HAND, IF THE

COMMISSION MAKES AN AFFIRMATIVE DETERMINATION, THE PRESIDENT MAY PROVIDE TARIFF ADJUSTMENT, IMPOSE QUOTAS, OR NEGOTIATE ORDERLY MARKETING AGREEMENTS WITH EXPORTING COUNTRIES TO PROVIDE RELIEF. THE PRESIDENT WOULD HAVE SIXTY DAYS FROM THE DATE OF THE RECEIPT OF THE COMMISSION'S REPORT TO DETERMINE THE TYPE OF REMEDIAL ACTION THAT MIGHT BE REQUIRED.

6. IN THE CASE OF AN AFFIRMATIVE DETERMINATION, THE USG WOULD PROVIDE INTERESTED GOVERNMENTS AN OPPORTUNITY FOR CONSULTATION IN ADVANCE OF ANY PRESIDENTIAL ACTION. THE GOZ NOTE HAS BEEN BROUGHT TO THE ATTENTION OF USG OFFICIALS ADVISING THE PRESIDENT ON TRADE POLICY. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ZINC, REPORTS, INVESTIGATIONS, ANTIDUMPING LAW (TRADE), TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE123666
Document Source: CORE
Document Unique ID: 00
Drafter: W T DIROLL:CMS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780206-0255
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780557/aaaabwia.tel
Line Count: 128
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0263c19c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 KINSHASA 4423
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2685554
Secure: OPEN
Status: NATIVE
Subject: GOZ NOTE ON ZINC
TAGS: ETRD, CG, US
To: KINSHASA USUN NEW YORK
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0263c19c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014